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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

Before The Honorable James Donato, Judge

IN RE: PG&E CORPORATION and PACIFIC GAS AND ELECTRIC COMPANY,

Debtors.

NO. 19-05257 JD

San Francisco, California Monday, October 21, 2019

TRANSCRIPT OF PROCEEDINGS

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1 Monday - October 21, 2019 2:00 p.m. 2 PROCEEDINGS ---000---3 Please be seated. Calling Civil 19-5257, THE CLERK: 4 5 In Re: PG&E Corporation, and Pacific Gas and Eletric Company. 6 Counsel, state your appearances for the record. Please 7 come forward and state your appearances for the record. MR. JULIAN: Good afternoon, Your Honor, Robert Julian 8 and Kimberly Morris of Baker Hostetler on behalf of the Tort 9 10 Committee. 11 THE COURT: Good afternoon. MR. McCALLEN: Benjamin McCallen, Willkie, Farr & 12 Gallagher, on behalf of the Ad Hoc Subrogation Group. 13 MR. SINGLETON: Good afternoon, Your Honor, Gerald 14 15 Singleton from the Singleton Law Firm, on behalf of the SLF 16 Fire victim claimants. 17 MR. ORSINI: Good afternoon, Your Honor, Kevin Orsini, Cravath, Swaine & Moore, on behalf of the debtor, along with 18 19 Paul Zumbro from Cravath, Swaine & Moore, also. 20 THE COURT: Okay. Anyone else? All right. 21 Mr. Julian, Mr. Orsini, what's happening? MR. JULIAN: Your Honor, we have met and conferred 22 23 several times and I would like to give you a report. Mr Orsini, I think, has some similar views. 24 25 First of all, on working on a discount, we have exchanged

different proposals. I think we are apart right now. We have agreed to continue discussing them. We may end up getting to the point where we brief them.

If I may tell you some of our thoughts --

THE COURT: Of course.

MR. JULIAN: -- what we're looking at.

THE COURT: Yeah.

MR. JULIAN: The committee believes that we should be looking at discounts with respect to three different classifications of damages because the discounts are handled differently for each of them.

First of all, for economic damages, where there is an inverse claim -- which from our perspective is a pretty simple claim to establish -- if Judge Montali in the inverse briefing establishes that the California Appellate Court decision should be applied in the Federal Court, we believe that we would simply look at the Butte litigation and settlements to establish whether the parties established discounts there. And we're going to -- we would propose to give evidence that shows that, with similar defenses to what PG&E is asserting here, the Court in Butte, in a similar circumstance -- which is disputed, whether it's similar -- found that inverse applies on summary judgment.

THE COURT: So would it be the case that you would do that by taking settlement demands, versus actual compromise

amounts?

MR. JULIAN: So let me address that.

So when discussing discounts on inverse economic damages only -- let me address a couple of things.

First, both sides of experts are going to be, essentially, building the economic damages from the ground up, looking at individual homes, the numbers of homes, square-foot rebuild cost, forestation, reforestation efforts, erosion control efforts, business losses, and the like.

It's our view that if you look at the settlement figures in Butte you have to look at the settlement demands and look at the discounts rather than looking at what our experts come in, in a neutral way, and explain what the numbers are. Their numbers are vastly different from what plaintiffs' lawyers would be coming in addressing.

So what we're saying there is: I need to get the final set of documents on Butte settlements, which they are giving us. We don't have all the settlements demands or maybe they came in today and I'm not aware of them, but I believe they are coming in closely on the tail of today's hearing.

So after our review of the settlement documents and the Court proceedings determining that inverse should apply in cases like this, we would be in a position to discuss a discount approach with PG&E.

THE COURT: Okay. But -- that's sounds fine, but the

way you would do that, if it's not, tell me. Or, if you don't want to tell me now, that's fine. But you would do that by comparing what was demanded and what was actually paid?

MR. JULIAN: That's one way to do it. Another way to do it is to look at the inverse ruling, which said that it's essentially -- in all these cases where they admit they caused the fire -- I'll except the Redwood case here -- it's virtually no discount or a minor discount.

THE COURT: That's fine.

MR. JULIAN: So we're looking at both --

THE COURT: I mean, so the way I would envision this is there would be demands. That's the hundred percent. There will be checks that respond to the demand and the checks could range from 0 to 100 percent. And you will average those and, maybe, at least, by category, houses of this size, you know, outer structures of this type, you could have rough guidelines and typically, you know, the average difference is either 0 or 10 or 20 percent, or whatever you come up with.

MR. JULIAN: Yes. Where we're not yet communicating I think is that that's a settlement-only approach looking at demands versus payments.

THE COURT: No, I understand --

MR. JULIAN: Our experts are building it from the ground up. Their numbers are going to be different from what the plaintiffs' lawyers would come in. So we're looking at

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both ways for economic damages.
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                          There are multiple information streams.
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              THE COURT:
     get that.
                But I think the ones where the claims were actually
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     compromised would be really very useful to see.
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              MR. JULIAN: We plan to focus on those.
          The second type of damages, which are wrongful death and
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     personal injury, emotional distress by fleeing the fire trauma,
     and emotion distress caused by loss of the home.
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          We have good settlement data from Butte and San Bruno on
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     that, we believe. And, Your Honor, it -- there we are using
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     the settlement data. It's not experts telling you from the
     ground up, looking at a victim in this case, what were their
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     damages because, you know, they haven't been calculated yet.
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     They haven't been proven in a deposition.
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              THE COURT: Slow down without lowering with your
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     voice.
             Speak up and slow down.
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              MR. JULIAN: Yes. With respect to Butte and San
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     Bruno --
              THE COURT:
                          You have actual data.
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              MR. JULIAN: There, Your Honor, obviously the discount
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     is already built in because it's settlement data. We're not
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     building it from the ground up.
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              THE COURT: How are you going to do that? Is it going
     to be --
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              MR. JULIAN: I don't know until I get the document.
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You don't ask them. 1 THE COURT: MR. JULIAN: We have a portion of them, not all of 2 them. 3 THE COURT: Because we're thinking, among friends, 4 5 here, it can be -- data can be sliced and diced a million 6 different ways. So might be sliced by age group. You know, 7 you're going to have to put some fine tuning on it. If you both agree, I'll work with it. If you reach 8 consensus, the odds are pretty good I'll probably just go with 9 10 that. But, if you don't, it's going to have to be not too 11 fine, but fine enough to make informed decisions. Do you see what I'm saying? 12 13 MR. JULIAN: Yes. THE COURT: Just one other question now. 14 15 about -- you mentioned wrongful death and emotional distress. 16 But aren't there physical injuries well? 17 MR. JULIAN: Yes. THE COURT: Burns? 18 MR. JULIAN: I put that into personal injury. 19 20 wrongful death and personal injury. Primarily the largest one 21 is emotional distress. There are some burn cases. In fact, 22 one of the witnesses you're going to hear from is a burn case. 23 THE COURT: All right. Go ahead. MR. JULIAN: The third class of damages is punitive 24 25 damages. Perhaps, we disagree on the approach on this one.

this time, we can't say whether we're going to do a separate 1 punitive damages claim or bake it into the settlement process. 2 THE COURT: I see. 3 MR. JULIAN: Our approach is to take a look at 4 5 punitive damages that have been awarded in the form of PUC fines of \$1.6 billion for the San Bruno disaster and 6 record-keeping problems. 7 And there, the PUC set of fines was addressed sort of on a 8 per-violation number, but their press release looks at the PUC 9 fine in this way: The amount of damages suffered by the 10 11 victims times the multiple. So, at least from the PUC standpoint, in assessing -- this 12 is all going to be disputed, obviously, our approach -- the 13 PUC, in the press release, looks upon it as a multiple of 14 15 victim damages. And they thought it was fair. 16 Similarly, in this case --17 THE COURT: So you're saying the PUC set the fines as a multiple of actual damages? 18 MR. JULIAN: Not in their decision. Only in their 19 press release. 20 21 In their decision, they went violation by violation by violation. 22 23 In my view, this is my interpretation, their cross-check on reasonableness was to look at the multiplier times the total 24

fines. And the fines there were varied. Some of the fines

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were based on rebates; some of the fines were based on water usage; some of the fines were based on an outright fine.

All I'm saying is: One data point that we'll submit to you is the PUC set of fines and the analysis there. And, overall, with respect to all these numbers we believe that it's appropriate for Your Honor as opposed to an expert witness, to determine whether a multiplier or each of these classes of damages should be applied based on the difference between Butte and San Bruno and Camp, where -- let's face it -- the people fleeing the fire there, some of them -- I interviewed one, just two weeks ago up at the FEMA camp, which was the basis for our motion to extend the bar date recently.

This woman underwent four hours of sitting in the fire thinking she was dying. You know, it was a much different type of damage in San Bruno.

So our only point is, when we present the evidence with these live testimony from victims, we will be asking probably for a multiplier. And that's our view today.

It's very preliminary. Obviously, we have to work it out with Mr. Orsini, and I don't think he agrees with anything I said. So that's the approach.

THE COURT: Okay. I'm going to get back to the bar date in a moment.

So, Mr. Orsini?

MR. ORSINI: Yes, your Honor.

For the reporter, Kevin Orsini for the debtors.

Let me work my way backwards through those three categories, because I think there will be disagreements that, obviously, we're not going to sort out today.

But, just to give Your Honor a little bit of sense as to how we're thinking about this.

On the punitive damages, I think Your Honor remarked at the last conference when we were here, there are no benchmarks for this. I think you're right. There haven't been awards of punitive damages in a case like this in California or, candidly, anywhere else to our knowledge.

We don't believe the PUC fine has anything to do with punitive damages. In fact, if anything, the existence of a regulatory scheme that includes fines suggests that punitive damages are not necessary. But, putting that argument aside, the standard for imposing a regulatory fine is obviously fundamentally different than the standard that's in place for punitive damages.

These are issues Your Honor is going to have to sort through because we have disagreements about whether or not it is a relevant benchmark.

I think as it relates to punitives, as Your Honor said last time we were here, we're going to have to present some evidence to you. They have e-mails they want to show you.

We'll have some witnesses we want to present to you that are,

in particular, relevant on the punitive damages fees, so the Court can understand what circumstances did lead, in particular, to the Camp Fire; what sort of work was being done by PG&E leading up to that; how did it match up with industry standard, which it did; all relevant to that. So we'll have some disputes and we will sort through that later.

On the non-economic damages -- the personal injury, the pain and suffering, the wrongful death -- I think we are in general alignment that one of the more interesting data sets that will be presented to the Court on that issue is Butte settlement values.

We obviously have a disagreement whether or not San Bruno is a relevant benchmark. We'll present on that. Your Honor will have to make a decision on that once you see the differences between that case and this case, or not.

But, particularly with respect to Butte, what I heard
Mr. Julian say today and what I have heard him say during our
meet-and-confers is that they do think that the awards -- wrong
word, but the amount of money that was set aside in the
settlements for pain and suffering, personal injury in Butte
is, obviously, informative of the value of those claims here.

We agree with that. There will need to be some adjustments. Those adjustments can be based upon likelihood of liability in that case versus this one, because those will be the damages that are available only for negligence, but also I

think in terms of, to Mr. Julian's point, the types of experiences that were at issue. Right?

There are a whole lot of different types of experiences that people suffered through in these tragedies. The same was true with respect to Butte. There were some on one end of the spectrum and some on the other. So what we would expect to do is present to Your Honor, based on the settlement data, what our experience was in Butte and how you value, in a settlement context, these types of soft damages, non-economic damages claims.

There may also be other information that could be useful to the Court that we would present. There are whole industries built around trying to value wrongful death claims -- for example, for cases that have nothing to with wild fires -- in the State of California. So there may be some comparables that experts can bring to bear for Your Honor --

THE COURT: That's fine. You should do whatever you want to do, but there is a lot of data here to work with.

MR. ORSINI: I agree. I think that would be the primary mechanism. There just might be generally understood trends as to what a personal death claim is worth for someone in this age cohort, versus that age cohort, as the Court noted. That was the point I was making there.

On economic losses, again, we certainly agree with Mr. Julian that the starting point has to be an expert analysis

built up from the bottom on what were the actual homes that were lost here; what were the values of those homes; what other types of damages were incurred by those who lost their property in these fires; what does it looks like in terms of rebuilding; what does it look like in terms of diminution of value.

Ultimately, I would expect we will present those rolled up to Your Honor in one primary expert, as we have discussed at prior conferences, so Your Honor is not parsing through property by property.

But what will become clear quickly is that there are -and don't hold me to the number -- but there is probably five
or six key variables that go into the spreadsheet on how you
calculate from the bottom up the actual damages.

We will know how many houses were lost. We will know how many of those have claims associated with them. Then the question becomes: How do you value different pieces of those damages?

And I think we both have the same view that we'll build that up for you. And then the question becomes: How do you look at the settlements in the Butte case and what, if anything, might that tell the Court as to how to deal with that?

I do think you have to look at what was demanded, and what was accepted. Very significant discounts in that case between what was demanded and what was accepted, even in a scenario

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where the Court, as Mr. Julian noted, had already held on
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     summary judgment that PG&E was liable on the inverse. So the
     liability question was not at issue effectively on economic
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     damages when the settlements were reached, subject, of course,
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     to appeals.
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              THE COURT: Why were there such substantial discounts,
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     in your view?
              MR. ORSINI: Well, I think there was some concern
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     about an appeal risk on the inverse, if it actually made it's
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     way up to the California Supreme Court and whether that applies
    here.
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          But, I think it's also a question of overstatement of
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     actual damages. I think we have seen some of that already in
     this case, and we will continue to see it. So it's not, in
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     itself, dispositive but, as Your Honor has noted, it will be a
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     relevant data point.
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          I do agree with Mr. Julian; I think we have had at least
     two meet-and-confers on this issue. We exchanged
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     correspondence. I think more data will help both of us
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     identify areas of agreement and areas of disagreement.
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              THE COURT:
                          All right. What happened to the bar date?
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     That's right now?
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              MR. ORSINI: It's today.
                           The claims bar date is today. The TCC
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              MR. JULIAN:
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     filed, last Friday night, a motion to extend the bar date to
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either December 5 or January 31.

If it's December 5, we recommended that if the Court did not want to accept our evidence, the Court could appoint an independent expert to go up to Paradise and Gridley, like I did, and interview people to determine whether they are impaired from filing, either through lack of knowledge, lack of education, confusion, misrepresentation, or simply impairment that I found from the trauma of living day-to-day in FEMA trailer camps or tents.

THE COURT: Who is helping them file claims; is there anyone up there?

MR. JULIAN: There is no fiduciary. So we asked -- the lawyers are attempting to get additional clients up there.

THE COURT: Do you all have teams up there going around --

MR. JULIAN: We don't, but several firms do. But, in my view -- in my investigation, I found that renters, who may not have claims high enough for certain law firms, are most at risk. We think there are anywhere from 15- to 20,000 renters displaced, for which there is no forwarding address, or are simply confused.

THE COURT: I'm not following this.

So someone here ought to be having the functional equivalent of a claims center where people can show up and, like our self-help desk here in court, people without lawyers

can walk in and get some guidance on how to do it. 1 You're telling me no one is doing that? 2 MR. JULIAN: The -- Prime Clerk is the agent that does 3 it for the debtor. We actually proposed it to the judge to 4 5 have something akin to that. He denied our motion. So my motion last night, or Friday night, asked for the 6 appointment of a fiduciary to do precisely what you asked. 7 fiduciary to go out and assist claimants who do not have a 8 lawyer to actually file the claim on the basis they lack the 9 10 skills to actually do it, which is what I found. 11 THE COURT: Why isn't PG&E doing that? MR. ORSINI: Your Honor, there is an extensive notice 12 program put out. There are hotlines to call and assist with 13 questions about claims. There are customer centers available 14 15 for questions about claims. THE COURT: What kind of customer centers? 16 17 MR. ORSINI: The PG&E customer centers. 18 **THE COURT:** Where are they? MR. ORSINI: They are in the local community, sir. 19 20 THE COURT: They are advertised, "You can come here 21 for help with the claim"? 22 MR. ORSINI: I believe it was in the notice program There is an extensive notice -- this is 23 that went out. actually the most extensive notice program that the bankruptcy 24 petitioners in this case have ever seen. It was something that

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was discussed at length with Judge Montali in terms of getting the appropriate amount of notice out there, satisfying due process, making sure people understood what their rights were, what they want.

There were millions of dollars spent on this --

THE COURT: Let me just chime in. Look, we all know from class actions that, no matter how good the settlement and notice are, the claims rates are abysmal. People just get confused. They get overwhelmed. They are baffled. They throw them away. They get something that says "in re," they have no idea what it means.

So I am concerned that there aren't teams of people scouring these areas to get these claims filed. Today is the day. There is no guarantee the judge is going to lift the bar.

MR. ORSINI: Understood, Your Honor.

THE COURT: I have seen some evidence anecdotally in newspapers saying that a tremendously high number of people who are eligible aren't filing claims. And I don't understand why PG&E isn't actively soliciting applications. It's something you ought to be doing, not just with an e-mail and not just with US mail.

MR. ORSINI: No, Your Honor, it hasn't just been with an e-mail or US mail. There have been multiple rounds of mailings. There have been social media campaigns. There have been advertisements. The response rate that we are seeing is

well beyond what you would typically see in a class action 1 2 context. What's the response rate? THE COURT: 3 MR. ORSINI: We're still processing the date. 4 Ιt 5 looks like, so far, the response rate could be in the 6 neighborhood of 40 to 50 percent of actual parcels that were 7 destroyed have a claim associated with them. The other piece --8 9 THE COURT: That's better than the typical class, but that still means 50 to 60 percent of victims aren't going to 10 get a dime. 11 That's just not right. MR. ORSINI: I wouldn't say that that means 50 to 12 60 percent aren't going to get a dime. Part of what's going on 13 is there has also been \$16 billion of insurance paid out. So I 14 15 think there are a lot of people who may very well be deciding 16 that their insurance was sufficient to cover their losses. 17 there are certainly, if there are situations involving specific 18 hardship, there are provisions for that in the bankruptcy code. The other thing I would note --19 Let's just pause on that. It concerns me. 20 THE COURT: Let's say someone doesn't get their claim in today because 21 22 they are suffering from some disability; they just couldn't do 23 it; they are overwhelmed; they don't understand. How do they apply to get out of that and get their claim 24

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heard?

MR. ORSINI: They can bring that claim to the bankruptcy court. That's something bankruptcy court deals with all the time.

THE COURT: How are they going to know to do that?

MR. ORSINI: They can bring it to us. They can bring it to Prime Clerk.

There is actually -- Mr. Julian said the fiduciary. There is a fiduciary to the wild fire claimants. It's Mr. Julian and his law firm, who has been working on this case for six months. And they also have the obligation to be out there helping bring these claims in. So I think the statement that there is not a fiduciary is misleading.

And the other point that I would make on that front, Your Honor, is that there has been a tremendous amount -- tremendous amount -- of advertising by the tort lawyers, the state court lawyers, in these areas, walking in the FEMA camps, going out there, that is on top of all the work that has already been done with respect to the noticing program.

And these are the types of issues that Judge Montali is going to have to face with respect to that motion.

But, we believe, based on what we have seen, that the notice program far exceeds anything that's ever been required before. And that was Judge Montali's determination when he approved --

THE COURT: Is that your view, Mr. Julian?

1 MR. JULIAN: Pardon me?

THE COURT: Is that your view as well?

MR. JULIAN: No.

What I would like to, do since you have asked questions, is deliver to chambers a copy of our motion with the 10 or so declarations filed about victims who were educated, but tell the story of their impairment and lack of notice.

THE COURT: Give me one example, just a short example.

MR. JULIAN: I'll give you the one I did, because that's -- my investigator filed the declaration himself.

So I -- when the victim's lawyers informed Judge Montali that there was a problem with participation, it was a day in the hearing where Bruce Bennett, the lawyer for the equity shareholders, which we contend are controlling the debtor now, stood up and said, "The day of reckoning is coming because the claims aren't there."

Mr. Skikos, one of the lawyers who has appeared in this Court, stated to the judge he was going to file a motion to extend the bar date. And he had 10 or 12 declarations. He brought them to us. I looked at them. For the first time I recognized there was an impairment problem.

So I took an investigator up with me to Gridley, which is the FEMA trailer, camp about 30 minutes from Paradise, and interviewed five victims randomly, knocking on the doors. And two said they filed claims. Three said they had not. And one

was so overwhelmed with problems with her cat, couldn't get around to it.

The woman I spent about 30 minutes with was, I think, 89 years old. She told a harrowing story about being thrown into a car from the Feather River Hospital on the day of the fire, with the flames all around, and looking through the flames and thinking she was going to die, for four hours.

And now, every time she gets up in the morning, she -- if she hears a fire engine or sees a candle, she is in trauma and shakes. She told me she thought she could only file if she was insured, and she did not own the home; she was a renter.

The next woman I went to, essentially, told me the same story. The first woman I interviewed on the phone, she was right next to the trailer, said it was just too much getting out of bed and dealing with everything to do it.

And what I learned from that was, I corroborated the 10 declarations that had been given to us by Mr. Skikos, the declarations there, essentially, established the same story, that a lot of these people many of whom were renters -- I won't say all of them, but appears to be a lot of them -- simply don't have forwarding addresses. There is no way that PG&E could have sent them direct notice.

And they are so impaired from getting up in the morning and living with this, not having any of their belongings that they used to have in Paradise, that -- they explained that they

don't know what to do. 1 And most of them don't have the education that they can 2 file a claim. And by "education" I don't mean grade-wise. 3 mean, they don't have the knowledge in this case. And so 4 5 that's why I asked in my motion that I filed Friday, there be a fiduciary appointed to go out and do what I did, and find the 6 7 people, educate them, and set up a table in Paradise and the like. 8 How many fire victims are in Gridley right THE COURT: 9 now, the FEMA camp? 10 11 MR. JULIAN: Actually, at that camp there are 350 trailers. One or two or three people per trailer. The ones I 12 saw were one in four trailers in each of the four and two in 13 one of the trailers. 14 15 THE COURT: And are there other FEMA camps? 16 MR. JULIAN: I think -- Kevin, I think there are two 17 others? 18 MR. ORSINI: I think that's right. 19 MR. JULIAN: Yeah, but a lot of these people are 20 living --21 Maybe PG&E should have gone to each of the THE COURT: trailers and knocked on the door said, "How do we help you fill 22 23 out your form?" Did PG&E do that? 24 MR. ORSINI: We did not, Your Honor, including because 25

we have -- had we have had extensive allegations from the plaintiffs' lawyers that are representing the fire victims about improper contact to potential victims. Even in scenarios where PG&E was talking to people who lived in Paradise to try and get an understanding as to whether or not they intended to rebuild their house so that PG&E could decide whether or not they were going to actually run service back to the location, we were accused of all sorts of ethical violations for communicating with people that were potentially represented.

THE COURT: Is that right, Mr. Julian?

MR. JULIAN: I did not make that -- two points. First of all, I did not make that -- one of lawyers did -- presented to me e-mails and phone calls whereby the PG&E person asked the question, "Are you going to rebuild?"

And the "Are you going to rebuild" question, the plaintiffs' lawyer say, is a trap, because if the person says yes, he gets his costs to rebuild. If he says no, he gets diminution of value, which is why some of these claim numbers come down.

Secondly, what I'm referring to has no ethical problem.

Renters. Renters aren't not going to rebuild. They didn't own anything, Your Honor.

What I'm saying is I found a bunch of renters --

THE COURT: All these folks are going to get the short end of the stick because the litigation gamesmanship is really

unacceptable.

Now, I am -- strictly speaking, this matter is before the bankruptcy judge, so I'm going to let that court handle it.

But it obviously affects the estimation if less than
40 percent of the people who are entitled to claims file and
60 percent don't. That's going to affect the estimation. So
that's why I'm asking.

Now, I will just tell you, I find that, were I doing it from scratch -- and I'm not -- things would have been done differently. That strikes me as a lot of posturing that's being balanced on the backs of people who have suffered tremendous tragedies. Both sides, plaintiffs and defendants.

I cannot imagine a lawyer ever telling someone "Don't go and fill out a claim form. It's a trap."

I also cannot imagine PG&E not going to each and every victim saying, "Here is the claim form. Make sure you get this done, because if you don't, the bar is going to drop," which is going to happen today, unless the judge extends it in three hours or less.

MR. JULIAN: Let me clarify: I don't know any plaintiffs' lawyers who said, "Don't fill out a claim form."

THE COURT: Someone on the plaintiffs' side said, "Don't talk to the lawyers because it's a trap."

You just told me that.

MR. JULIAN: I understood that a plaintiffs' lawyer

said to his client, "Don't answer the question if a PG&E representative asks, 'Are you rebuilding or not?'"

All the plaintiffs' lawyers have told everyone they know to file claims.

Your Honor, there are two other ways you are involved in the motion before the Court on the bar date.

THE COURT: Well, let me just get back to what -- so when are you expecting to hear from Judge Montali?

MR. JULIAN: On the motion to extend the bar date?

THE COURT: Yes.

MR. JULIAN: The hearing is November 13th. And we put in our brief that there are two ways Judge Donato would be involved.

First of all, he has asked how we are addressing future claims. And a future claim in an asbestos case is where the exposure to asbestos occurred before the bankruptcy case, but injury could occur after confirmation later. That's a future claim.

In this case, we don't believe we have exposure to the fire with an injury later. What we have is exposure to the fire and an impairment to file that tolls the statute or tolls a bar date. That's a type of future claim. Whether that is a type of future claim that should be estimated in this case, I don't know yet.

And what I have said to Mr. Orsini is that we would like

All

to see how Judge Montali handles the extension of the bar 1 date --2 THE COURT: We have plenty of time. So I will know 3 with a high degree of certainty at that point. 4 5 All I'm saying, is it would be a heartbreaking shame if even 10 percent of the eligible victims don't file claims for 6 7 whatever reason. If we're talking about 50 percent not filing, that's -- that's intolerable. 8 9 MR. JULIAN: That's what we're looking at. That's why we filed the motion. And that's why we're asking for a 10 11 fiduciary to be appointed. 12 THE COURT: Okay. 13 MR. JULIAN: Your Honor, there is one more aspect you may be involved with Judge Montali's motion. 14 15 THE COURT: Yes. 16 MR. JULIAN: And that is: Judge Montali may ask 17 whether or not, if he extends the bar date and new claims come in between now and December 5, the first trigger -- or 18 19 January 31, the potential second trigger -- whether this Court 20 can estimate claims that are brought in after October 21. 21 And we have simply briefed to him that that is a question 22 that should be directed to you. 23 From the TCC's standpoint, we believe we can come up with

a process to bring those claims into estimation. And he may

want to know your view, or may want to know PG&E's view.

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we know now from the correspondence this weekend, PG&E will 1 oppose our motion for the short extension to December 5, as 2 well as the longer extension to January 31. 3 THE COURT: Well, if we have a working database of 4 5 50 percent, which I hope is much higher, it's an easy matter to 6 extrapolate larger groups of people. I'm not terribly worried about that. 7 MR. JULIAN: Thank you, Your Honor. 8 What else for today? THE COURT: Okay. 9 San Bruno documents get produced? 10 11 MR. ORSINI: Yes, Your Honor. We have produced or will have produced by the end of today all of the demand and 12 settlement packets, in the sense of the initial demand, the 13 counter, the settlement agreement. 14 15 There are additional documents related San Bruno, sort of the broader set that we had talked, about that are still in 16 17 process. I think Ms. Morris has points on that. But, we're in the 18 19 process. 20 MS. MORRIS: Good afternoon, Your Honor, Kimberly 21 Morris, Baker Hostetler, for the Official Committee of Tort Claimants. 22 23

Mr. Orsini has said that with respect to San Bruno we should have all of agreements and demands by the end of the day today, but there is still the outstanding issue of the Butte

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settlement agreement and demands. And right now we have less
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     than 50 percent of the agreements and none of the demands.
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          And I believe, in my discussions with Mr. Orsini, that the
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     hold up is the redactions that they're doing to protect
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     themselves against violation of a mediation confidentiality
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     privilege.
          What I would request from you, Your Honor -- which I think
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     may help resolve this -- is an order directing that they
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     produce those documents without the redactions without
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     violating the mediation confidentiality, so we can get those
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     documents in a lot quicker and start utilizing them to come
     back to with what we intend to do with them during the
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     estimation trial.
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              THE COURT: Whatever happened -- I think it was
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     Mr. Singleton who offered to provide a big tranche of Butte
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     documents?
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              MS. MORRIS: He did. And I have spoken with
     Mr. Singleton about getting his spreadsheets of his data.
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     again, he only has a portion of those and --
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                          Is that right, roughly 700?
              THE COURT:
              MR. SINGLETON:
                              Yeah, 697.
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              THE COURT:
                          Okay.
              MS. MORRIS: We would like to be on equal footing with
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     the debtors and have everything they have so we have a full
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     picture of the types of claims and the types of settlements.
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And I think if Your Honor would order them to produce that
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     information without redactions, that could assist the process.
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              MR. ORSINI: I think, by the end of today, we will
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     have produced all of the Butte settlement agreements in
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     redacted form. We will have produced roughly, I believe, half
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     of the demand packets in redacted form. There is still a
     tremendous amount of redaction to do.
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          Candidly, I think it's in the best interests of that group
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     if we don't have to do those redactions.
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              THE COURT: Just make it outside counsel's eyes only,
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     or whatever you would like to do.
              MR. ORSINI: If that's Your Honor's directive, we will
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     absolutely abide by that.
              THE COURT: Have you all done a protective order yet?
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              MS. MORRIS: We do have a protective order, but I
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     don't think it covers the state court confidentiality mediation
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    privileges of which Mr. Orsini is concerned. And also --
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              THE COURT:
                          It should be fine.
          You can just designate it outside counsel only and --
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              MR. ORSINI: So our concern was just making sure we
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     didn't violate some state law confidentiality. I think -- the
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     Court has just directed us to produce it subject to protective
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     order --
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              THE COURT: Blame the Court.
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              MR. ORSINI: That gives us the comfort that we will
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proceed as we need to.
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              MS. MORRIS: One clarification.
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              THE COURT: Did you all do an order?
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              MS. MORRIS: We do have a protective order.
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              THE COURT: Did I enter it?
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              MR. ORSINI: No, Judge Montali.
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              THE COURT:
                          Okay. Fine. Use that then as a screen.
     Confidentiality is usually, "Attorneys' Eyes Only."
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              MS. MORRIS: Could we do "Professional Eyes Only," so
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    we can utilize our experts?
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              THE COURT:
                          Yes.
          So that resolves that. You'll get them all today.
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                            Maybe not today. We need to put Bates
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              MR. ORSINI:
     numbers on them. But you will get them quickly.
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              MR. JULIAN: Two housekeeping matters, Your Honor.
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              THE COURT: Yes, please.
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              MR. JULIAN: First, you asked us if the inverse
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    briefing could be moved up. We are submitting our letters
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     tomorrow to Judge Montali on that. It may be possible to move
     it two weeks up. Mr. Orsini and I are still talking about
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     that. We'll submit the letter to Judge Montali on that
22
     tomorrow.
23
              THE COURT:
                         When would that be, if it moved up?
              MR. JULIAN: Well, our proposal is that the matter be
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     deemed submitted on November 15, if there is no reply brief.
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If there is a reply brief, on November 22, that it will be deemed submitted on November 22, and that there be no hearing on December 11, because we think it's a rather straightforward legal issue.

THE COURT: Okay.

MR. ORSINI: From our perspective, Your Honor, we had proposed to have the whole inverse issue decided months ago.

TCC opposed that, which is what led us to having the December date.

We're willing to speak to Judge Montali on Wednesday -we're before him on other matters -- about whether he can move
the hearing up. We're not willing to forego the hearing at
this point.

THE COURT: And I am certain you appreciate he has quite a bit to do, as do you. And if anything can be made to do it earlier, it will make your trial prep a lot easier.

MR. ORSINI: Understood.

THE COURT: And the second matter?

MR. JULIAN: The second matter is the District Court's order withdrawing the reference stating that the case was -- or the estimation was assigned to you provisionally, and that the withdrawal would become permanent, when you ordered it permanent. I think, by implication, you have, but I wanted to draw that to your attention.

THE COURT: Okay. Consider it permanently withdrawn.

Thank you, Your Honor. 1 MR. JULIAN: 2 THE COURT: Anything else? MR. ORSINI: From your perspective, Your Honor, there 3 is the question of the damages questionnaire. 4 We have 5 discussed this before. So let me just give you an update as to 6 where we are. We had provided them our extent of damages questionnaire 7 in advance of the hearing on October 6th or 7th, whatever date 8 that was. 9 We have -- we last week gave them a shorter one, trying to 10 11 reduce the burden. I believe we cut it in, at least, half. have not yet heard back. I believe Mr. Julian has said they 12 would be prepared to meet and confer on that later this week, 13 which is fine, and we'll have that meet and confer. 14 15 I do think it's important, however, we get that out so 16 that we have enough time for people to actually respond to it, 17 so that we have enough time to process the data. 18 I'm a little concerned that --**THE COURT:** How are you going to distribute that? 19 20

MR. ORSINI: I would expect that a significant amount of it can be distributed through the counsel for the actual victims. Because many, many of the victims in these cases are represented by lawyers. Not the TCC, but folks like

Mr. Singleton. There may be some mailing or e-mail involved as well, so we get a representative sample of cross-section here.

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But it's going to be a process --THE COURT: It probably should go through counsel. Because this is a tool that's being used for litigation, and a little bit different from -- significantly different, in my mind, from the claims form. I agree with that. My only point was, if MR. ORSINI: there are thousands of victims not represented by counsel, we may not want to exclude them from --There are thousands? THE COURT: MR. ORSINI: I say "if." We are still processing the data. There very well may be. What we have seen so far, that could be where we end up. But these are obviously the questions we have to tackle: Who do we send it to and how? I don't know if we're going to 15 have disputes as to what. And, just given the timing, I'm concerned about waiting 17 another two weeks to get those things ironed out. So, subject to Your Honor's preference and availability, I would ask we set aside some time next week. 19 THE COURT: I'm starting to think a little bit out loud. 22 How are we going to get people to fill those things out? MR. ORSINI: Well, I think the Court has to set a deadline.

I think, in particular, where they are going out through

lawyers who have duties to this Court, there will be the ability for the Court to enforce that order and to enforce the assurance that they are filled out completely and accurately.

There have been, in other bankruptcies, orders that have been entered that include sanctions for failure to fill out. I don't expect we're going to ask for that. That, obviously, increases the likelihood that we get them. But, as I said, I don't think we're going to ask for that. But I think it's going to be a matter of the Court entering a very clear deadline and holding the lawyers who represent --

THE COURT: You're expecting plaintiffs' counsel to be the driver on the questionnaires?

MR. ORSINI: I'm expecting the plaintiffs' counsel to work with their clients and actually get them filled out and get us back what we need to estimate the claims they are asserting, yes.

THE COURT: What do you think about that?

MR. JULIAN: We think that's a good approach, if we do it. Again, this is usually a 12 to 16-month process when there is one injury. Here we have 22 fires, 22 different types of injuries within each fire.

So we know they can be helpful, and so we are meeting with the plaintiffs' lawyers and economist later this week to see if we can pare it down. Because, obviously, if it's one page, something could be done in two months, which is what they want. 1

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Actually, they want it in done in a month so the experts
can have it in a month. Your Honor, one month to fill it out
and one month for expert review is unheard of in these cases.
     We're going to work with Mr. Orsini, we're going to work
with the plaintiffs' lawyers to try to pare that down to
something that's reasonable, and talk about the process to get
it out.
         THE COURT: Well, we're obviously not dealing with the
strictest standard of proof. This is an estimation.
                                                      We have
talked about that many times. Nevertheless, I need to feel
comfortable that I have a representative set of survey
responses. So it has to be more than, you know, 100 folks.
It's going to have to be a critical mass that gives me the
assurance that they, more or less -- more or less, not exactly,
but more or less -- represent the world as it is. Okay?
that's going to be the task.
         MR. ORSINI: We agree with that, Your Honor.
                     That's going to be a lot of work to do.
         THE COURT:
     Now, Mr. Orsini, would like to finish the questionnaire.
When can you get that done?
         MR. JULIAN: We think we can get back to him this
Friday.
         THE COURT:
                     By Friday?
         MR. JULIAN: Yeah.
         THE COURT:
                     Okay. Is that good?
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1 MR. ORSINI: That's good, Your Honor.

I would ask, if Your Honor is available, whether we can set some time aside next week to come in if we have disputes, just because I think, if we wait another two weeks, and then Your Honor is going to have to parse through them. Then we're going to have to go through the process of getting them out. Time does matter here.

THE COURT: Well, why don't we tentatively plan for 2:00 on Monday. Okay? Is that enough time? Do you want to do it Tuesday?

MR. JULIAN: I'm not here, but we have partners who can appear for us.

THE COURT: We have a lot of people in the courtroom.

MR. JULIAN: Yes, we do.

THE COURT: Okay. Let's do it at 1:00 on Monday. I have a pretrial conference at 2. If you don't need it, just drop me a line. All right? Just tell me we don't need to come in. Otherwise, I will see you here for the questionnaire. Okay.

MR. ORSINI: Thank you, Your Honor.

THE COURT: Now, it seems to me, this is productive.

This is an experiment. I do this in my MDLs and other cases,
as I mentioned. And I'll do this until you all agree you don't
want to do it anymore. We can keep on two weeks, next week
being the interim exception.

Anything else? Any discovery issues? 1 MR. JULIAN: May I file a copy of our motion to extend 2 the bar date with the Court so you may see it? 3 THE COURT: Sure. 4 Yes. 5 Yes? 6 MR. SINGLETON: Thank you, Your Honor. Gerald 7 Singleton. Very brief issue I want to raise with the Court and ask 8 for the Court's quidance. 9 10 We're having an issue with Prime Clerk. 11 THE COURT: What? MR. SINGLETON: We're having an issue with 12 Prime Clerk, which is the mechanism through which we file the 13 proofs of claim. And because it relates to numbers of 14 15 estimation, I wanted to ask the Court if the Court want us to 16 address it with Your Honor or take it to Judge Montali. 17 In a nutshell, here is the issue: When you file a proof of claim on behalf of a claimant, there are problems with 18 19 either withdrawing it, in the event someone changes their minds 20 and wants it withdrawn, or, two -- and this is, by far, more 21 common -- things are filed duplicatively. And there are a lot of reasons for that. It has to do 22 23 with the system through which this data is processed and -but, in our assessment, over the weekend, when we were filing 24

and looking at it, we found a number of duplicative claims.

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significant number. 1 THE COURT: More than one claim for one person? 2 MR. SINGLETON: Yes, sir. 3 They accidentally hit the file button --4 THE COURT: 5 MR. SINGLETON: Not so much hitting "file" but 6 sometimes things are submitted as a part of the subrogation insurance data and sometimes individually --7 THE COURT: I see. 8 MR. SINGLETON: So the concern we have is, we asked 9 Prime Clerk about consolidating these so there was only one, 10 11 and we were not able to get a responsive answer. THE COURT: So sounds like a bankruptcy thing. I have 12 no idea what Prime Clerk is, but this is a third-party vendor? 13 I just want to know if Your 14 MR. SINGLETON: It is. 15 Honor wants to --16 THE COURT: Why do they refuse to fix it? MR. SINGLETON: My understanding is they have a system 17 in place and they are not generally used to filings of this 18 19 size. So I think this might be an unusual circumstance for 20 them. Plus, they are getting inundated. There have been tens of 21 thousands filed within the last two weeks. So I completely 22 understand Prime Clerk's issue. 23 We're just concerned because what we don't want is to have 24 duplicative claims presenting the parties and the Court with an 25

inaccurate report of the total number of claimants.

THE COURT: You all just can't de-dupe? In class actions, the class administrators do this all the time. It's all automated. I'm sure you both know, probably.

So they can't do the same thing?

MR. SINGLETON: We have been told no. And that's something that we're trying to work out. But I wanted to raise this issue with the Court. And we can raise it with Judge Montali if it continues.

I just wanted to know: Does the Court want us to bring this to Your Honor, or something we should address with Judge Montali.

THE COURT: Sounds to me, in the first instance, it's going to be the bankruptcy court. But if anything changes it's something else -- I hear what you're saying and we're going to have to -- if it turns out that it's raising the claims rate by a significant margin, we'll have to address it. If it's plus-or-minus 3 or 5 percent, I'm not going to get terribly hung up on it. If it's plus-or-minus 30 percent, we're going to have to take a look at it.

MR. ORSINI: I think -- Kevin Orsini for the debtor.

I think it's more complicated because we plainly agree with Mr. Singleton. None of us want duplicative claims. There is a lot of manual work that has to be done to aggregate claims that are not duplicative. So if I was living in a home with my

wife, we lost the home, both fled the fire, sometimes that comes in as one claim associated with the address, sometimes it comes in as two. That contributes to something that looks like duplication, and may not be.

I'm going to get so far over my skis here I will immediately fall if I start talking about what Prime Clerk can and can't do. But we are attuned to the fact there is noise in the data in terms of duplicates and those --

THE COURT: One thought -- and it's going to be expensive and I don't necessarily recommend it -- but one thought, and I'm sure you have had it too. If you just got -- it's probably a SQL database. If you got that and gave it to someone who knows how to do it, you can get it automated. It's not an insurmountable problem.

Maybe there is something about Prime Clerk I'm not appreciating. But this happens all the time in, admittedly, less complicated domains, but happens all the time in class cases. And you can do it electronically.

You may have to do something to get the database all set.

MR. ORSINI: There has been the lot of work done over the last few days. You have heard Mr. Skikos' name mentioned. He is one of the plaintiffs' lawyers who has been managing a database they created that was being ported over to Prime Clerk. And there have been multiple, you know, multi-daily conversations about how to make that work, so --

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What I would do, and it's totally up to
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              THE COURT:
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     you, but I would get some sense of magnitude. As I said,
     frankly, just you pick an arbitrary number. If it's less than
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     10 percent, I'm not going to be bothered by it. If it looks
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     like it's larger and skewing things one way or the other, we're
     going to have to deal with it. It may be simple as you just
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     give me a number and say, "We have 100,000 claims.
 7
                                                          We believe
     20 percent of those are probably duplicative and so we'll work
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     with a set of 80."
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              MR. ORSINI: I think we'll be able to do better than
     that for Your Honor, but understood.
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12
              THE COURT:
                          Is that good?
13
              MR. SINGLETON:
                              Thank you, Your Honor.
                          Anything else on behalf of anyone?
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              THE COURT:
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              MR. JULIAN: No, Your Honor.
                          I'll see you Monday at 1:00.
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              THE COURT:
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                   (Proceedings adjourned at 2:47 p.m.)
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CERTIFICATE OF REPORTER I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. DATE: Tuesday, October 22nd, 2019 Ruth Levine Ekhaus, RDR, FCRR, CSR No. 12219 Official Reporter, U.S. District Court